

## Message Text

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71

ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 AID-20 COME-00 EB-11 FRB-02

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

DRC-01 /188 W

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R 080806Z NOV 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 8012

INFO AMEMBASSY SEOUL

/CINCPAC HONOLULU HI

C O N F I D E N T I A L TOKYO 14555

CINCPAC FOR POLAD

NOFORN

E.O. 11652: GDS

TAGS: EAID, JA, KS

SUBJ: JAPAN'S ECONOMIC COOPERATION WITH SOUTH KOREA

REF: TOKYO 12269

SUMMARY: FOLLOWING SETTLEMENT OF KIM CASE, GOJ NOW MOVING  
TO FULFILL AID PLEDGES MADE TO ROK AT 1972 GOJ-ROK  
MINISTERIAL MEETING. GOJ HOPES TO AGREE ON 1974 AID PRIOR  
TO FORTHCOMING MINISTERIAL, BUT AT PRESENT HAS NO FIRM  
PPA D. END SUMMARY.

1. ON NOVEMBER 8 EMBOFF DISCUSSED PRESENT STATUS OF  
JAPAN'S ECONOMIC COOPERATION WITH KOREA WITH WATANABE,  
DEPUTY HEAD, FRST ECONOMIC COOPERATION DIVISION, FONOFF.  
HE PROVIDED THE FOLLOWING INFORMATION:

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A) AID PLEDGED AT 1972 MINISTERIAL MEETING: FOLLOWING

POLITICAL SETTLEMENT OF NM DAI JUNG INCIDENT AND GOJ-ROK AGREEMENT TO HOLD NEXT MINISTERIAL MEETING WITHIN THIS YEAR, GOJ NOW MOVING TO FULFILL AID PLEDGES MADE AT 1972 MINISTERIAL. OF TOTAL \$170 MILLION LOANS PLEDGED AT THAT TIME, NOTES HAD BEEN EXCHANGED COVERING ONLY \$20 MILLION LOAN (4.25 PCT, 20 YEAR REPAYMENT INCLUDING 5 YEARS' GRACE) FOR COMMUNICATIONS FACILITIES BEFORE KIM INCIDENT OCCURRED. WORKING LEVEL DISCUSSIONS CONCERNING TECHNICAL PROBLEMS OF REMAINING PLEDGED LOANS -- \$20 MILLION FOR EXPORT PROMOTION, \$50 MILLION FOR COMMODITIES, AND \$80 MILLION FOR AGRICULTURAL DEVELOPMENT -- WILL NOW RESUME, AND FONOFF HOPES THAT AGREEMENT CAN BE REACHED AND NOTES CONCERNING LOANS EXCHANGED PRIOR TO FORTHCOMING MINISTERIAL MEETING. TERMS OF LATTER THREE LOANS NOT YET DECIDED.

B) FUTURE AID. ROKG WORKING LEVEL OFFICIAL HAD COME TO JAPAN JUST PRIOR TO KIM INCIDENT TO DISCUSS NEXT YEAR'S JAPANESE AID. HE PRESENTED A VERY GENERAL REQUEST WHICH DID NOT INCLUDE SPECIFIC AMOUNTS, BUT KIM INCIDENT OCCURRED AND HIS POSITION BECAME SOMEWHAT AWKWARD, SO HE RETURNED TO ROK BEFORE DETAILS COULD BE WORKED OUT. FONOFF AT THIS TIME HAS NO IDEA HOW MUCH AID GOJ MAY PROVIDE NEXT YEAR, BUT WORKING LEVEL TALKS PREPARATORY TO MINISTERIAL MEETING WILL ATTEMPT TO WORK OUT DETAILS AND REACH AGREEMENT. FONOFF VIEW IS THAT AGREEMENT SHOULD BE REACHED PRIOR TO MINISTERIAL SO THAT MINISTERS THEMSELVES CAN CONCERN THEMSELVES WITH BROADER ISSUES. WATANABE DISMISSED FIGURE OF \$400 MILLION DOLLARS, WHICH HAS APPEARED IN PRESS, AS SPECULATIVE AND EXAGGERATED, AND SAID HE HAD NO IDEA OF ITS SOURCE. HE NOTED THAT GROWTH OF JAPANESE AID TO KOREA HAS BEEN ERRATIC SO THAT \$400 MILLION IS NOT EVEN A REASONABLE PROJECTION BASED ON PAST TRENDS.

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